

Noisebridge Discovery Findings and Recommendations

June 8, 2018

To: Noisebridge Membership
From: Josef Krebs, ScandiuZZi Krebs

Dear Noisebridge,

It is my great pleasure to supply you with this letter documenting my initial findings and recommendations for your fundraising activities. I will present this document and accompanying grants research at your June 12 group meeting.

Introduction to Noisebridge

Noisebridge is a physical space open and welcoming to all, providing infrastructure and collaboration opportunities for anyone interested in programming, hardware, crafts, science, robotics, art, and technology.

The basic rule of Noisebridge is “Be excellent to each other.” Governance of Noisebridge is consensus-based with a well developed methodology. The third concept that allows Noisebridge flexibility in operations is “do-ocracy;” the people of Noisebridge are empowered to act to improve the space and community on an individual level.

Noisebridge has been organized as a 501(c)3 non-profit corporation and registered as an educational non-profit corporation in California since 2008. The organization has a functional board of directors and transparent financial controls including public reporting of financial status.

Revenues are driven by monthly membership dues and donations. These fluctuate but are at about \$12,500 per month, up from approximately \$7,000. Annual expenses are at about \$125,000. The organization is financially healthy with positive cash flow and has accrued through accumulated surplus unrestricted net assets of more than 50% its annual operating budget. Noisebridge is in excellent health and has proven that its operational model can succeed.

Well-developed descriptions of Noisebridge, its programmatic operations, governance and finances can be found at its wiki: <https://www.noisebridge.net/wiki/About>

Noisebridge is not only a physical space and shared resources. Noisebridge is the community of people who use the space. Noisebridge has sought to create itself as an open to all community. From survey responses:

- *“Noisebridge is an experiment in how people can live and learn cooperatively.”*
- *“It part of a culture that empower minorities and unrepresented people by providing a safe space to learn and collaborate.”*
- *“Noisebridge is a community institution and the last hacker refuge of weird tech and experimentation in an increasingly sterile and tame San Francisco. While there are plenty of hacker clubhouses and co-working spaces, few places are as open as NB.”*
- *“Noisebridge means I have a physical place to connect to a community which is regularly only found online. This community has helped me pursue creativity in new ways. It's the kind of learning and growing I've found online without the contemporary phenomenon of trolling and hostile behavior.”*
- *“Allows unlimited creativity potential.”*

Survey responses indicate a consensus around the desired future for Noisebridge:

- *“For it to continue to be so open and friendly”*
- *“feminist hackerspace”*
- *“I would like for noisebridge to have even funding to continue. I don't think there necessarily needs to be a dream or overarching plan. Just the fact that it exists and continues to exist and survive is important enough.”*
- *“to survive with its rag tag, flat-authority-structure, mutual excellence ethos.”*
- *“A leader and advisor for similar types of organizations, both locally and abroad.”*
- *“The community owns the building and Noisebridge outlives all of us”*
- *“Anyone can walk in the door with an interest and (if they work hard enough) walk out with a skill. There is a lot that goes into that.”*

A key observation here is that Noisebridge has built a broad awareness inside itself about its purpose and ethos. It is not just another hacker/maker space.

Noisebridge leads with and embodies its values of Excellence, Consensus and Democracy, and is supported by its membership *because* of this.

Some preliminary findings about Noisebridge and its worthiness for funding are immediately apparent:

1. Noisebridge successfully leads itself with a strong set of values.
2. Its people understand and engage with and support Noisebridge on the basis of those values, together they produce a wide range of programming in high demand.

3. Noisebridge has proven itself capable of managing and improving a physical space and an inventory of physical assets.
4. Noisebridge's governance model has proven itself capable of disciplined financial management and stability.

Broad Case Statement

Noisebridge is a successful experiment in how people can live, learn and create cooperatively. Radically open and welcoming to all, Noisebridge is a diverse group of people organized around three core practices: (1) be excellent to each other, our first rule of behavior; (2) consensus governance; and, (3) do-ocracy. Our individual people are empowered to act for the good of all.

Noisebridge's current space—5,000 square feet in the Mission District—is going away in August of 2019. After more than a decade of successful sustainability and growth, Noisebridge must find a new home so we can continue to offer our programs and resources to all, building a better culture for technology and ideas.

How can Noisebridge prepare itself to raise money?

Raising a significant amount of money takes planning and discipline. Here's a short totally non-exhaustive checklist of things a non-profit needs to start a capital campaign:

1. Legal standing
2. Community buy in
3. A clear plan
4. A database system capable of tracking donations and pledges (promises to give in the future or over time)
5. A leadership group for the campaign
6. A fully developed case statement

Noisebridge is in legal compliance and clearly demonstrates community buy-in. So let's look at the rest of this list.

A Clear Plan

Noisebridge has yet to settle on a plan for its future. Current ideas in conversation range from securing a lease for a new space to buying a permanent home. Estimates for these campaigns range from \$250,000 (first discussed when talking to Mitch) and \$7 million, a number now being discussed inside Noisebridge as a cost of acquiring a permanent home.

The first step in raising money for a new home will be to come to an agreement about what that home should look like. Clear financial modeling will be needed to apply for money from institutional funders and for large donations from individuals.

Recommendation: Noisebridge should thoroughly develop two financial models for a new space: (1) renting a new space, (2) purchasing a new space.

These financial models should include (1) cost of acquisition, improvements and move, and (2) an annual operating budget for the new space.

Developing these financial models will involve discussions and decisions about mission and activities Noisebridge wants to undertake in a new space.

A Database System

Another issue currently facing Noisebridge is around tracking and communications with donors. Noisebridge gets reports from several different processing sources, but does not currently have a central donor database to analyze donations and donors, create reports, or manage contact.

Recommendation: Noisebridge should acquire and use a starter donor database product, such as Little Green Light, and transfer all donor information available to that product. All new donations should be entered or transferred to the database weekly.

A Leadership Group

As a campaign coalesces, it will be important to have a leadership team to handle the logistics and decision-making process of the campaign. Formal leadership roles are foreign to the ethos of Noisebridge, so perhaps these can be thought of like the Treasurer role John Shutt currently occupies: as a service to the whole without becoming a center of power.

A campaign committee will be important for several reasons: (1) to organize and convene meetings of the fundraising group, (2) to authorize work and communications on behalf of the group, (3) to be a point of contact and accountability for the group, (4) to determine what kind of funding to accept and what to reject, (5) to lead the work to engage with potential donors.

Recommendation: Noisebridge should form a capital campaign committee to lead the process of raising money. The committee should have at least one chair, preferably two or more co-chairs, and subcommittee heads with specific areas of responsibility such as individual donors, government relations, foundations, and corporate donors. This list is not prescriptive and should not be used as a checklist. Noisebridge will have to develop a model that is right for you.

Our survey indicates that there are at least 8 people who want to “become excellent at fundraising,” with another 13 who would be interested to learn more.

A successful campaign committee will meet monthly with committees meeting on their own. Each monthly meeting will report on work done and plan work to be done.

A Thorough Case Statement

The basic question I ask all clients when they start talking about raising money is: “how much, by when, for what?”

A classic case statement creates a clear understanding around the basics of the organization and the campaign, and can be used as material for creating proposals to corporations, foundations and government funders. Some organizations accrete the components of a case by writing proposals for funding, then assemble these into a master document.

The basic components of a case statement are as follows:

- Organization mission, history, programs and finances
- Organizational constituency—who does it serve and how many
- Organizational distinctiveness
- Capital plans
- Programmatic plans
- People involved in the campaign and their roles
- Budgets
- Opportunities for donors

The good news is that most of these components are already developed or are in development at this time. The Noisebridge wiki is an excellent resource for the case statement.

Recommendation: Noisebridge should develop a comprehensive case statement and host that case statement on its wiki.

Raising Millions

Noisebridge doesn’t have a clear campaign plan or goal yet. However, I still want to make the point to the general membership that money comes in many chunks, and they add up together to large sums. This seems simple, but it really is quite relieving to see in a chart.

Raising \$1,000,000 could look like this:

| | | | | |
|---|----------|-----------|--------|-----------|
| 1 | gifts of | \$150,000 | equals | \$150,000 |
| 2 | gifts of | \$100,000 | equals | \$200,000 |
| 3 | gifts of | \$50,000 | equals | \$150,000 |
| 5 | gifts of | \$25,000 | equals | \$125,000 |

| | | | | |
|-----|----------|----------|--------|-------------|
| 10 | gifts of | \$10,000 | equals | \$100,000 |
| 10 | gifts of | \$5,000 | equals | \$50,000 |
| 15 | gifts of | \$2,500 | equals | \$37,500 |
| 100 | gifts of | \$1,000 | equals | \$100,000 |
| 500 | gifts of | \$250 | equals | \$125,000 |
| 646 | gifts | | equal | \$1,037,500 |

So, a campaign of \$1,000,000 starts with a leadership gift at \$150,000. There are only 11 gifts of more than \$25,000 needed.

Looking at a campaign of \$2,000,000 should reveal the trend. The top number here might only be \$200,000.

| | | | | |
|-----|----------|-----------|--------|-------------|
| 1 | gifts of | \$200,000 | equals | \$200,000 |
| 2 | gifts of | \$150,000 | equals | \$300,000 |
| 4 | gifts of | \$100,000 | equals | \$400,000 |
| 6 | gifts of | \$50,000 | equals | \$300,000 |
| 8 | gifts of | \$25,000 | equals | \$200,000 |
| 15 | gifts of | \$10,000 | equals | \$150,000 |
| 20 | gifts of | \$5,000 | equals | \$100,000 |
| 30 | gifts of | \$2,500 | equals | \$75,000 |
| 150 | gifts of | \$1,000 | equals | \$150,000 |
| 750 | gifts of | \$250 | equals | \$187,500 |
| 986 | gifts | | equal | \$2,062,500 |

The top chunks are likely to be secured from government funders or large foundations, with some individual angel donors as well. In the \$2 million model there are only 13 gifts of more than \$25,000.

It is certain that Noisebridge's campaign will not look exactly like either one of these, but it is also certain that there will be many people involved at many levels, all of whom will be necessary to the campaign's success.

Alright, so how do we raise the money?

Money in capital campaigns comes from four major sources:

- Individual donors
- Government funding at all levels
- Foundation support
- Corporate donations

In your plan to purchase and/or renovate a new space, you should also include two other categories:

- Real estate investor partners
- In-kind support

Individual donors

Noisebridge has great success with individual donations, increase monthly donations from about \$7,000 per month a year ago to around \$12,500 per month currently. Noisebridge also raises money in the space, with visual and sound cues asking people to contribute to their experience. A stated goal of Noisebridge is to increase individual fundraising to \$20,000 per month, a number communicated as what's needed for Noisebridge to be sustainable.

Recommendation: while Noisebridge doesn't have a clear capital campaign plan, you should try to drive increased fundraising revenue for operations and bank the rest for future use.

1. Clearly communicate the need and use of the money you raise.
 - a. For instance: "Noisebridge is raising money to operate and move. The first x we receive each month covers current operations costs, money after than is being held in a fund for our relocation. We will report the status of that fund monthly."
 - b. As you formalize your campaign plan, you can credit donors with their giving in advance. For instance, if someone is giving \$100 per month, and you determine that 50% of that went to the capital fund, they have already given \$500 toward their capital gift.
2. Establish and track progress toward goals on a monthly basis:
 - a. Money raised
 - b. Number of donors
3. Drive increases incrementally. For instance, establish a monthly gain goal: "this month we want to acquire 10 new individual donors" or "this month we want to increase monthly fundraising by \$1,000."
4. Create incentives to reach these incremental goals
 - a. Parties or perks for participants

- b. Matching funds: “donor x will match all new donors up to \$25 each”

Fundraising communications should be clear and positive, not based in fear or guilt. Use words like “worthy,” “we can,” “together,” “join us,” etc... Great fundraising appeals start with the word “you” and don’t ever forget their focus: the donor.

Recommendation: As you develop your capital campaign plan, you will need to develop leadership giving levels with appropriate benefits such as inclusion on donor walls, naming rights for physical spaces (doesn’t have to be named after the donor), or other perks.

For now start thinking of giving levels in these three basic categories:

- Grassroots: gifts to the campaign of \$500-\$2,500
- Major gifts: gifts of \$2,500 to \$25,000
- Leadership gifts: gifts of over \$25,000

Big question: how will you incent leadership level gifts from individuals while keeping the campaign open and excellent to all?

Government Funding at All Levels

We were able to identify some funding available for application by Noisebridge from the National Science Foundation and the San Francisco Arts Commission. Before you apply for these, you will need a very clear plan. Additional money is usually available from other pots within government.

Recommendation: Noisebridge should attempt to secure meetings with elected representatives or their staff at all levels of government and explicitly ask for help identifying and applying for government funding from all possible sources. Focus on getting folks to visit Noisebridge.

- City/County Supervisor
- State Assemblymembers and Senator
- Federal Congressperson

Foundation and Corporate Grant Support

We have identified 23 corporations, foundations and government agencies that seem like a good fit for Noisebridge and who accept unsolicited proposals. There are also an additional 24 we identified that fit but do not accept unsolicited proposals. We will need to work to

reach out to these foundations and interest them in Noisebridge so they will ask for proposals from us.

We have attached that data in spreadsheets for your review. It includes one organization many people said they wouldn't accept money from: The Peter Thiel Foundation.

Before Noisebridge begins writing grant proposal it must develop a clear plan for use of and money raised. However, it does look like a robust series of opportunities are out there, ranging from operating grants of \$5,000 to capital grants of more than \$1 million.

In the survey, someone mentioned the Moore Foundation: "they gave \$ to Manylabs, my former hacker home." They did not come up in our research, indicating there are more prospects we have yet to identify.

One relationship already established is with Google. Noisebridge should follow up on that relationship.

Recommendation: Start compiling a list of foundations to research and secure guidelines. Our list can be a start. Be ready to make application as soon as you have formalized your campaign plan.

Other Corporate Support

Many other corporations may be solicited for support not from their philanthropic side but from their marketing budgets. Corporate marketing budgets are often much larger than philanthropic budgets and often have more flexibility.

Survey responses indicated that Noisebridge participants work for the following companies:

| | | |
|--------------|-------------|---------|
| Amazon | Modbot | Sentry |
| Ashby Lumber | Mozilla | Sighten |
| Cardano | Pinterest | Sonder |
| Comcast | PlayStation | Square |
| Fivetrn | Quantstamp | |
| Kong | Salesforce | |

Survey responders also identified these additional companies they would like to see as contributors:

| | | |
|-----------------------|---------------|---------------------|
| Adafruit | Google | Microsoft |
| AMD | Guitar Center | Netflix |
| AutoCAD | Intel | Reddit |
| Elon Musk's companies | Lyft | TechShop |
| Facebook | Make | Teenage Engineering |

These companies and their corporate support should be researched, with key philanthropic and marketing decision makers identified.

There were some companies that people said we shouldn't accept money from. This is important to understand so we don't waste time pursuing funding from corporations we wouldn't want to affiliate with. Please note that some companies appear on both lists.

| | | |
|---------------------|----------------------|---------------------|
| Amazon | Handgun companies | Ron Conway |
| Chevron | Lennar | Shady Blockchain |
| Cigarette companies | Military | startups |
| Delloite | Military contractors | TertraTech |
| Donald Trump | NRA | Uber |
| Drug companies | Oil companies | Venture Capitalists |
| Facebook | Palantir | Zenefits |
| Halliburton | Peter Thiel | |

Recommendation: Start brainstorming benefits you'd offer to companies you'd like to be affiliated with, along with a "no" list. Keep it to brainstorming at this point. As you develop a plan, you can figure out what levels of contribution will be worth what benefits.

The Most Important Thing: Be Excellent

The most important thing to consider as you plan and execute a campaign is: be excellent.

Be true to your values and let them lead. In all situations ask: how would I want to be treated? If you are transparent and open to your funding community just like you are to your membership and the general public now, you will inspire them to trust and invest in your vision for the future.

If you have any questions or would like to talk about how Scandiuzzi Krebs can work with you to move your campaign forward, please reach out to me at josef@scandiuzzikrebs.com, or we can discuss over the slack fundraising channel.

With warmest regards,

Josef Krebs